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TAGS: [PREL](#) [PGOV](#) [PINS](#) [ECON](#) [ETRD](#) [ENRG](#) [IR](#) [TU](#)  
SUBJECT: IRANIAN POLITICS: A TURKISH EXPERT SAYS "KEEP AN  
EYE ON QALIBAF"

REF: (A) 2009 ISTANBUL 399 (B) RPO DUBAI 11 (C) RPO  
DUBAI 3 (D) 2009 ISTANBUL 440

Classified By: Acting Principal Officer Win Dayton; Reason 1.5 (d).

¶1. (C) Summary: A Turkish contact who claims business connections to Iranian regime insiders told us regime leaders are planning on a scenario that would replace President Ahmadinejad with Tehran Mayor Qalibaf in 2012. He said Qalibaf advisors asked his help to secure Turkish funding for several projects in Tehran including building a shopping mall and renovating the metro, both intended to target Ahmadinejad's interests. Our contact dismissed the Green Movement; claimed that regime rivals were easily able to undercut Ahmadinejad's effort to strike a nuclear deal with the west; and argued that lifting rather than raising sanctions on Iran is the key to gaining regime cooperation. While we cannot vouch for our contact's claims, he has a track record of offering insightful though sometimes self-serving assessments. The presidential succession scenario he describes, if true, suggests that the regime is worried enough about the opposition's staying power to be planning systemic changes in response, but secure enough in its own staying power to be content with waiting until the next elections to deal with it. End summary.

¶2. (C) ConGen Istanbul's NEA Iran Watcher met January 13 with Kayhan Ozdemir (please protect), a Turkish businessman who is a managing partner of the "Pars Invest" company ([www.pars-invest.com](http://www.pars-invest.com)), which invests in Iranian energy, real estate, and infrastructure projects. Ozdemir had recently returned from a month-long visit to Tehran and offered to share his insights into Iranian economic and political developments.

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Keep An Eye on Qalibaf  
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¶3. (C) While in Iran Ozdemir claimed he had met with business agents representing the interests of several regime insiders, including the director of a company (the name of which he would not share) owned by Mojtaba Khamenei, the son of Supreme Leader Khamenei, as well as economic advisors of Majles Speaker Ali Larijani. But Ozdemir said he spent most of his time dealing with business associates and Tehran municipality advisors and staff of Tehran's Mayor, Mohammed Bagher Qalibaf.

¶4. (C) According to Ozdemir, Qalibaf and his advisors believe that Qalibaf will be Iran's next president, and that it will happen in 2012 rather than as a result of the currently-scheduled election in 2014. Ozdemir says he was told that Supreme Leader Khamenei (SLK) is under pressure from several of his most trusted advisors, including former

Foreign Minister Velayati and former Majles Speaker Nateq-Nuri, to ask Ahmadinejad to step down soon as a necessary step to end the ongoing opposition protests. SLK is resisting because he sees such a step as giving in to the protesters, admitting his own misjudgment, and causing too many problems with Ahmadinejad. Instead, he has asked his advisors to work with Majles Speaker Larijani on legislation that would harmonize the dates of Iran's Presidential and Majles elections, which currently take place in different four-year cycles. Because the next Majles elections are scheduled for 2012, the legislation would also move the next Presidential elections to 2012, and Ahmadinejad would be asked to respect the new election dates out of loyalty to SLK and respect for the will of the Majles.

15. (C) Qalibaf's advisors reportedly told Ozdemir that all of the top figures among the "principalists" -- including SLK, Larjani, and Velayati -- have agreed that Qalibaf should be Iran's next president, having earned their trust and demonstrated his loyalty by not running in 2009 and by staying on-side after the 2009 election results. Although regime leaders realize that the next elections will likely be contentious if opposition outsiders demand that their own candidates be allowed to run, SLK and his advisors calculate that Qalibaf's youth, charisma, and pragmatic economic policies will hold enough appeal to satisfy many oppositionists. "Keep your eyes on Qalibaf. He will definitely be Iran's next president" Ozdemir predicted.

#### Ahmadinejad vs Qalibaf: The Mall and Metro fights

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16. (C) Ozdemir told us he was asked by Qalibaf's staff to help secure sources of foreign investment for the construction of a high-end shopping mall in Tehran, to compete with a Carrefour-franchised hyper-mall called "Hyperstar" that opened in west Tehran in September 2009. According to Ozdemir, Qalibaf and his staff were surprised at how successful the shopping mall has been, attracting over 10,000 customers a day, and are resentful of the fact that "they did not get a proper cut from it", as the original deal with Carrefour and its Dubai franchisee "Majid al-Futtaim" (MAF) was reached when Iranian President Mahmoud Ahmadinejad was Tehran's mayor. Ozdemir is working with a Turkish shopping mall design/construction company on a proposal for Qalibaf's staff aimed at directly competing with the "Hyperstar" mall.

17. (C) Ozdemir claims that Qalibaf's staff also asked for his company's help in securing funding a Tehran metro renovation, a project that Ozdemir described as more valuable to Qalibaf as a way of harming Ahmadinejad's reputation and interests than as a necessity for improving metro operations. Ozdemir noted that there is a bitter fight playing out in Tehran over control of the metro system, with Ahmadinejad trying to put the metro regulator under his control and Qalibaf working with the Tehran City Council to oppose the move. While it plays out, Ahmadinejad has limited the disbursement of government funds that were allocated to pay for metro operations. A complicating factor is that a son of former President Rafsanjani (currently on the outs with the regime) is the head of the Tehran metro company, and has a reputation according to Ozdemir for having skimmed vast sums from the metro operating budget. Given the powerful figures on both sides of the dispute, Ozdemir told us that working on a Tehran metro project is not a priority for his company.

18. (C) The one key issue on which Qalibaf and Ahmadinejad agree, according to Ozdemir's account of his talks with Qalibaf advisors, is that military commanders make better national leaders than clerics do, and that IRGC veterans have earned the right to lead Iran out of its current crisis. According to this theory, both Qalibaf and Ahmadinejad recognize the need to demonstrate loyalty to SLK and the system of a supreme religious leader, but they also believe

that the system should evolve after SLK's passing, and that clerical leaders post-SLK should exert supreme religious authority but not supreme political power. While Ahmadinejad is quite openly trying to sideline clerical influence within his government, Qalibaf intends to take a more subtle and prudent approach on this issue. "Qalibaf expects to be president when the Rahbar passes away" and thus well-placed to steer Iran's leadership structure in a more secular, albeit military-oriented, direction.

#### The Green Movement: Bigger on TV than in Real Life

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¶9. (C) Ozdemir, who returned to Turkey after his lengthy Tehran visit several days before the December 27 Ashura demonstrations, cautioned that the Green Movement is a less popular movement than it appears in the western press. He assessed that most Tehranis are not involved in the demonstrations but instead just living their lives. "Even on days when they call for marches you can drive around large areas of Tehran and not see any sign of them." He also cautioned that popular movements in Iran tend to get hijacked by the most vocal and extreme elements, warning that both the Mujahedin-e Khalk (a terrorist organization) and holdovers from Iran's outlawed Tudeh (communist) party are trying to hijack the Green Movement. As they do so, Ozdemir predicted many "normal Iranians" will be turned off by its harsher rhetoric and will stop attending marches, leading to an ever-diminishing movement.

¶10. (C) Ozdemir credited the regime with finally starting to find an effective combination of (slight) conciliation and (strong) pressure to diminish the Green Movement's appeal. He interpreted the regime decision to try former Tehran prosecutor Saeed Mortazavi for his involvement in the Kahrizak detention facility deaths (ref B), while at the same time warning opposition members not to have contact with western organizations (ref C), as a signal that while the regime knows and regrets that it used excessive force in the summer it feels justified in using such force now.

#### US-Iran relations, sanctions, and investing in Iran

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¶11. (C) Almost all Iranians with whom Ozdemir spoke over the past month, both officials and private citizens, concluded that Ahmadinejad was the most eager within the regime to reach a nuclear deal with the U.S. Several pro-Qalibaf officials told Ozdemir, with satisfaction, that Ahmadinejad's enemies (including Qalibaf and Larijani) were easily able to turn his approach into a vulnerability by convincing SLK that Ahmadinejad wanted to give away a strategic national asset (the LEU) only to strengthen his own political position.

¶12. (C) Asked whether business with Iran is more difficult since the elections, Ozdemir explained that if foreign companies have a well-placed Iranian partner with connections to the Supreme Leader's circle, the IRGC, the Larijani family, or a handful of other strong protectors, "doing business in Iran is easy." He noted that most Iranian banks now offer Turkish Lira bank accounts, though Turkish companies must still make deposits through Bank Mellat branches in Turkey. Turkish state-run banks Ziraat and Halk have small offices in Tehran but do not offer private account services. Ozdemir dismissed the effectiveness of economic sanctions against Iran, noting that the regime will always be able to get access to any goods it needs from a number of sources, including in Dubai, China, and Turkey. "The only people hurt by sanctions are poor and middle class Iranians." Echoing Turkish policy towards Iran, Ozdemir argued that the most effective means of securing Iranian cooperation is simply to buy it. "Instead of adding new sanctions, lift the old ones. They will run to cooperate with you." Pressed for specific examples of how Turkish trade has moderated regime behavior (ref D), however, Ozdemir had none to offer. Ozdemir argued that U.S. companies especially in the energy

sector would also "run towards Iran", mentioning that his company had been approached by an American energy company (which he would not name) asking for help in investing indirectly, via Turkish companies, in Iran's South Pars gas field.

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Comments  
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¶13. (C) While we cannot vouch for the credibility of Ozdemir's claimed contacts, he has obvious experience dealing in Iran, a track record of offering interesting assessments of internal Iranian developments, and a willingness to continue sharing his insights. We recognize that many of those insights are self-serving, including his plea that the USG should lift Iran sanctions and encourage more trade with Iran to moderate regime behavior, as well as his praise of Qalibaf, whose economic interests (shopping malls, etc) seem to coincide with Ozdemir's. But Ozdemir's overtly pro-regime leanings and quickness to dismiss the Green Movement's lasting influence are in fact a valuable counterpoint to what most of our Iranian contacts tell us.

¶14. (C) The succession scenario that Ozdemir described -- including the regime leadership's plans to move up Presidential elections to 2012 to end Ahmadinejad's second term early and pave the way for a Qalibaf presidency -- is fascinating and creative. It strikes us as having a ring of plausibility. If so, it suggests that the regime is both worried enough about the opposition's staying power (and the resonance of their complaints against Ahmadinejad) to be planning systemic changes in response, but also secure enough about its own staying power to be content with effecting such changes two years from now. End comments.  
DAYTON